

Message Text

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47

ORIGIN TRSE-00

INFO OCT-01 EA-11 ISO-00 EB-11 L-03 CIAE-00 INR-11 NSAE-00

RSC-01 SP-03 DRC-01 H-03 COME-00 FRB-03 CIEP-03 OMB-01

DOT-00 CAB-09 DODE-00 FAA-00 PA-04 PRS-01 USIA-15

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DRAFTED BY TRSY:OS:MFIELD:IMW

APPROVED BY EB/IFD/OMA:RRYAN

TRSY:OS:NGORDON

EB/IFD/OMA:MMINNIES

EA/PHL:HULEN

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R 181917Z SEP 74

FM SECSTATE WASHDC

TO AMEMBASSY MANILA

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E.O. 11652: GDS

TAGS: EFIN

SUBJECT: US/RP DOUBLE TAXATION TREATY

REF: MANILA 10910

DURING THE MEETINGS HELD SEPTEMBER 4-6 IT WAS AGREED
TO NEGOTIATE A PROTOCOL MODIFYING THE CONVENTION AS APPROVED
BY THE US SENATE IN 1965, RATHER THAN TO NEGOTIATE AN
ENTIRELY NEW CONVENTION. THE PROCESS OF SEEKING SENATE
APPROVAL IS THE SAME FOR A PROTOCOL AS FOR A FULL NEW
CONVENTION, BUT THE GRP DELEGATION FELT THAT A PROTOCOL
COULD BE AGREED UPON AND ENACTED MORE QUICKLY.

THE PROPOSED PROTOCOL WOULD ADD PROVISIONS ON DIVIDENDS,
ROYALTIES AND SHIPPING AND AIR LINE COMPANIES AND WOULD
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MODIFY THE 1965 PROVISIONS ON INTEREST, PERMANENT ESTABLISH-

MENT, NONDISCRIMINATION, AND POSSIBLY EXCHANGES OF INFORMATION. THERE WOULD BE NO INVESTMENT INCENTIVE PROVISION.

AS INDICATED IN THE FOLLOWING "AIDE MEMOIRE" INITIALLED BY THE TWO DELEGATIONS ON SEPTEMBER 6, TENTATIVE AGREEMENT IN PRINCIPLE WAS REACHED ON MUCH OF THE SUBJECT MATTER OF THE PROTOCOL. THE UNITED STATES WILL NOW DRAFT A PROPOSED TEXT TO SERVE AS THE BASIS FOR CONTINUED DISCUSSIONS. COPIES OF THE DRAFT WILL BE SENT TO EMBASSY AS SOON AS READY. MEANWHILE A COPY OF THE DRAFT PROTOCOL SUBMITTED BY THE GRP DURING LAST WEEKS MEETINGS BEING AIRPOUCHED FOR EMBASSY'S INFORMATION.

AIDE MEMOIRE

THE PHILIPPINE AND UNITED STATES PANELS MET AT WASHINGTON, D.C. STARTING SEPTEMBER 4, 1974, TO DISCUSS THE TAX CONVENTION BETWEEN THE TWO COUNTRIES SIGNED ON OCTOBER 5, 1964.

THE PHILIPPINE PANEL SUBMITTED A DRAFT PROTOCOL PROPOSING CERTAIN MODIFICATIONS AND CLARIFICATIONS IN THE CONVENTION AND THE UNITED STATES PANEL SUBMITTED A COMPLETE DRAFT REVISING THE CONVENTION.

TENTATIVE AGREEMENT IN PRINCIPLE WAS REACHED AS TO THE SUBJECT MATTER OF THE PROTOCOL, WITH THE PRINCIPAL EXCEPTIONS OF PARAGRAPH 9 DEALING WITH SHIPS AND AIRCRAFT AND PARAGRAPH 1 DEALING WITH NONDISCRIMINATION. FURTHER CONSIDERATION IS TO BE GIVEN TO SETTING FORTH THE SPECIFIC INVESTMENT INCENTIVES TO BE EXCEPTED FROM THE NONDISCRIMINATION ARTICLE AND TO FURTHER REDUCTION OF THE WITHHOLDING RATES ON DIVIDENDS FROM PORTFOLIO INVESTMENT AND ON FILM ROYALTIES. THE UNITED STATES PANEL WILL PREPARE A REVISED DRAFT PROTOCOL REFLECTING THE ABOVE AND OTHER CHANGES AND WILL SUBMIT IT TO THE PHILIPPINE PANEL FOR CONSIDERATION.

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FOR THE PHILIPPINE PANEL: MR. PIO DE RODA

FOR THE UNITED STATES PANEL: MR. DAVID FOSTER

6 SEPTEMBER 1974
INGERSOLL

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30 JUN 2005

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